

Munich, 20 March 2019

## Media Information

### Profit to climb to around €2.5bn – new share buy-back programme announced

Joachim Wenning, Chairman of the Board of Management: “2018 was a successful year for Munich Re, and the good result is a clear endorsement of our long-term and ambitious goals. Following the significant increase in profit last year, we anticipate that profits for 2019 and 2020 will continue to rise, reaching our medium-term profit guidance of €2.8bn in 2020. In reinsurance, we are pursuing our ambitious growth targets, and the successes of ERGO’s Strategy Programme are becoming clearly evident. At the same time, we are reducing complexity in our internal processes and resolutely driving forward digital transformation. Munich Re is on track.”

- Rise in profit by €200m to around €2.5bn targeted in 2019
- Reinsurance and ERGO envisage improved combined ratios
- New share buy-back programme with a volume of €1bn
- Candidates for election to the Supervisory Board nominated

#### **Outlook for 2019: Group profit guidance of around €2.5bn**

Munich Re is targeting a rise in profit of €200m to around €2.5bn for the current year, of which around €2.1bn is attributable to reinsurance and around €0.4bn to ERGO.

The good result in 2018 and the planned improvements in earnings power for 2019 allow Munich Re not only to propose to the Annual General Meeting a significant increase in the dividend to €9.25, but also to launch a further share buy-back programme with a volume of €1bn. The two measures constitute examples of Munich Re’s sustainable and shareholder-friendly capital repatriation policy.

Following positive developments in the past year, the expected technical result<sup>1</sup> for life and health reinsurance has been raised to around €500m.

<sup>1</sup> Including the result from business with non-significant risk transfer.

In property-casualty reinsurance, Munich Re is aiming for an improved combined ratio of around 98% in 2019.

In the ERGO Property-casualty Germany segment, an improved combined ratio of approximately 93% is anticipated. In the ERGO International segment, the combined ratio will be around 95%.

Munich Re expects an investment result of around €6.5bn for 2019, representing a return on investments of about 3%.

Assuming exchange rates remain stable, Munich Re anticipates gross premiums written of around €49bn in the 2019 financial year, comprising gross premium of around €31bn in the reinsurance field of business and approximately €17.5bn in the ERGO field of business. Total premium income in the ERGO field of business (including the savings premiums of unit-linked life insurance and capitalisation products) should amount to around €18.5bn in 2019.

As always, the projections are subject to major losses being within normal bounds and to our income statement not being impacted by severe fluctuations in the currency or capital markets, significant changes in the fiscal environment, or other one-off effects.

### **Proposals for election to the Supervisory Board**

The Supervisory Board of Munich Re held a meeting yesterday to decide on its motions for resolution by the Annual General Meeting on 30 April 2019.

In accordance with the recommendation of the Nomination Committee of 18 October 2018, Nikolaus von Bomhard (62) is being nominated for election to the Supervisory Board at the Annual General Meeting. If elected by the Annual General Meeting, Nikolaus von Bomhard is also recommended to succeed Bernd Pischetsrieder as Chairman of the Supervisory Board.

The Supervisory Board is also nominating Karl-Heinz Streibich (65) for first-time election to the Supervisory Board.

The following are being proposed for re-election: Ann-Kristin Achleitner (53), Kurt Wilhelm Bock (60), Clement B. Booth (64), Benita Ferrero-Waldner (70), Ursula Gather (66), Gerd Häusler (67), Renata Jungo Brüngger (57) and Maximilian Zimmerer (60).

Bernd Pischetsrieder (71) and Henning Kagermann (71), who are not standing for re-election, will leave the Supervisory Board of Munich Re at the end of the Annual General Meeting 2019.

Besides this, the Supervisory Board approved the Board of Management's dividend proposal to be submitted to the Annual General Meeting.

### **Summary of the figures for the 2018 financial year**

Munich Re generated a profit of €2,275m (392m) in 2018. The operating result amounted to €3,725m (1,241m). The currency result amounted to –€39m (–294m). Taxes on income totalled €576m (298m). Gross premiums written by the Group in 2018 were €49,064m, and thus at the same level as the previous year (€49,115m).

At €26,500m, equity was lower in 2018 than in the previous year (€28,198m), since the good balance sheet result and positive currency translation effects were more than offset by the dividend payment, share buy-backs and lower unrealised gains due to the rise in interest rates.

The return on risk-adjusted capital (RORAC) amounted to 9.1% (1.5%) in 2018, and the return on equity (RoE) totalled 8.4% (1.3%).

With due consideration of dividends and potential capital measures in 2019, the solvency ratio calculated on the basis of Solvency II was 245% as at 31 December 2018 (previous year: 244%).

The reinsurance field of business contributed €1,864m (120m) to the consolidated result in 2018.

Life and health reinsurance business raised its profit to €729m (596m). The technical result, including the result from business with non-significant risk transfer, was €584m (428m) in 2018. Munich Re thus clearly achieved its target of at least €475m for the full year.

The result for property-casualty reinsurance rose to €1,135m (–€476m). The combined ratio for the year improved significantly to 99.4% (114.1%) of net earned premiums. Major losses of over €10m each totalled €2,152m (4,314m). This is equivalent to 11.6% (25.8%) of earned premium. Adjusted for commissions, Munich Re's customary review of provisions resulted in a reduction in the provisions for basic claims from prior years by around €860m for the full year, which is equivalent to around 4.6 % of net earned premiums.

Gross premiums written in the reinsurance field of business fell slightly to €31,286m (previous year: €31,569m). A decline in premium income in the life and health reinsurance segment, which was attributable to the expiry or restructuring of large-volume capital-relief treaties, was largely compensated for by partly robust growth in property-casualty reinsurance.

Munich Re generated a profit of €412m (273m) in the ERGO field of business in 2018, of which ERGO Life and Health Germany contributed €264m (175m), ERGO Property-casualty Germany contributed €45m (57m), and ERGO International contributed €103m (40m). Owing in particular to very good operative performance, ERGO significantly exceeded its original profit guidance of €250–300m.

The development of the combined ratios was very pleasing. At 96.0% (97.5%), it was exactly on target in the Property-casualty Germany segment. In the International segment, it achieved its best-ever result of 94.6% (95.3%).

Total premium income rose by 0.8 % to €18,688m (18,548m), and gross premiums written were up by 1.3% to €17,778m (17,546m).

Munich Re's investment result (not including insurance-related investments) fell to €6,526m (7,611m). Regular income from investments increased to €6,586m (6,438m).

Overall, the investment result represents a return of 2.8% on the average market value of the portfolio.

Total investments (excluding insurance-related investments) as at 31 December 2018 diminished somewhat compared with the 2017 figure, with the carrying amount declining to €216,852m (217,562m) and the market value to €231,876m (231,885m).

**Münchener Rückversicherungs-Gesellschaft**

Aktiengesellschaft in München

Group Media Relations

Koeniginstrasse 107, 80802 Munich, Germany

[www.munichre.com](http://www.munichre.com)

LinkedIn: <https://www.linkedin.com/company/munich-re>

Twitter: @MunichRe

**For media inquiries please contact:**

Group Media Relations: Jörg Allgäuer  
Tel.: +49 89 3891-8202  
Mobile: +49 171 8384838  
jallgaeuer@munichre.com

Media Relations North America: Jodi Dorman  
Tel.: +1 609 243-4533  
Mobile: +1 908 391-2427  
jdorman@munichreamerica.com

Media Relations Asia Pacific: Faith Thoms  
Tel.: +65 63180762  
Mobile: +65 83390125  
fthoms@munichre.com

**Munich Re**

Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments, as well as the capital investment company MEAG. Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. It offers customers financial protection when faced with exceptional levels of damage – from the 1906 San Francisco earthquake through to the 2017 Atlantic hurricane season and to the California wildfires in 2018. Munich Re possesses outstanding innovative strength, which enables it to also provide coverage for extraordinary risks such as rocket launches, renewable energies, cyberattacks, or pandemics. The company is playing a key role in driving forward the digital transformation of the insurance industry, and in doing so has further expanded its ability to assess risks and the range of services that it offers. Its tailor-made solutions and close proximity to its customers make Munich Re one of the world's most sought-after risk partners for businesses, institutions, and private individuals.

**Disclaimer**

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.